

Sterling's Brexit sensitivity

From a currency perspective, the focus yesterday was on sterling. It came into the day on the front foot amid news of a draft Brexit deal having been agreed. The currency then traded sideways for much of the day as sterling watchers awaited the outcome of the UK cabinet meeting. Despite the cabinet approving the plan (with no immediate ministerial resignations), there has been no additional boost to the currency from this. This is because PM May still faces key challenges in terms of getting the deal through her own party and parliament.

As trading gets underway this morning, the main sterling pairs are only modestly different compared to yesterday's open. EUR/GBP is straddling the 87p level, while GBP/USD is trading at the \$1.30 handle. Elsewhere, in terms of EUR/USD, the pair has continued to edge higher and has regained the \$1.13 level.

Today, the Eurozone macro diary is very sparse, with little in the way of scheduled data news to be of any directional impact on the euro. For the dollar, there is a broad spectrum of releases. On the consumer side, we get retail sales figures for October. Meantime, the Empire and Philly Fed surveys for November will provide a timely update on the producer side of the economy. Overall though, unless the retail sales figure provide an unexpected result, the potential for impact on the dollar may be limited.

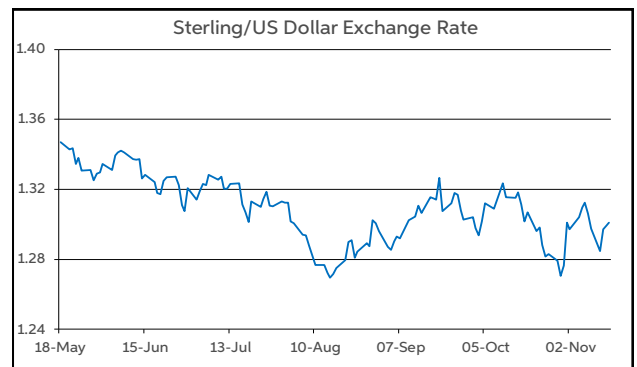
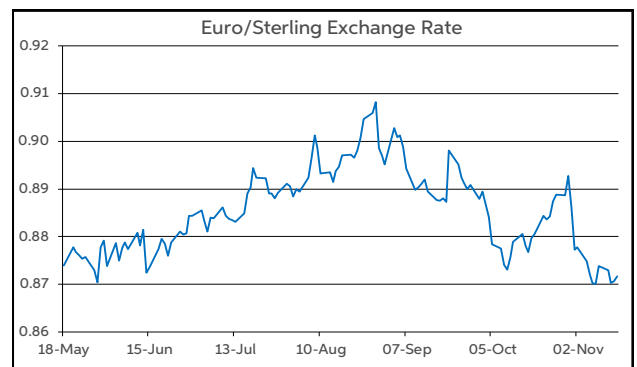
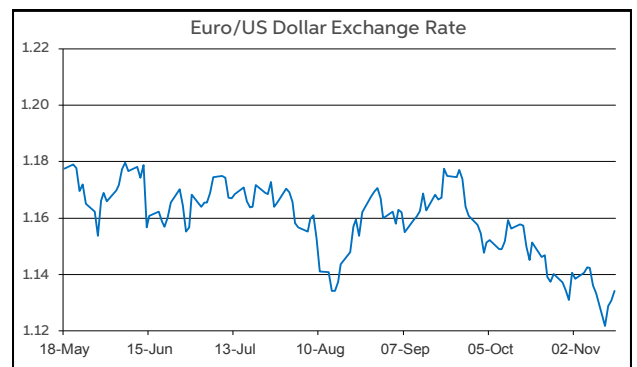
For sterling, there is also a key data release today, with UK retail sales for October due. However, the data is likely to be overshadowed by Brexit, which will remain very much to the forefront of minds. In this regard, PM May is due to address parliament on the deal. There is still the potential for ministerial resignations and talk of a leadership challenge. As a result, the currency could experience some volatility today.

John Fahey, Senior Economist, AIB

| Today's Opening Rates | | | |
|-----------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2017 |
| EUR/USD | 1.134 | 0.45 | -5.47 |
| EUR/GBP | 0.8717 | 0.30 | -1.87 |
| GBP/USD | 1.3007 | 0.15 | -3.74 |
| GBP/EUR | 1.1467 | -0.30 | 1.90 |
| USD/JPY | 113.53 | -0.32 | 0.76 |
| EUR/JPY | 128.78 | 0.13 | -4.73 |

* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



| Opening Interest Rates | | | | | | |
|------------------------|-----------|------------|-------|--------|-----------|------|
| | Base Rate | Short Term | | | Long Term | |
| | | 1-Mth | 3-Mth | 12-Mth | 2-Yr | 5-Yr |
| USD | 2.125 | 2.31 | 2.63 | 3.13 | 3.06 | 3.10 |
| EUR | 0.00 | -0.37 | -0.32 | -0.15 | -0.12 | 0.35 |
| GBP | 0.75 | 0.73 | 0.89 | 1.17 | 1.20 | 1.45 |

| Equity Indices | | | | |
|----------------|--------------|-----------|------------------|--|
| | Latest Close | % Changes | | |
| | | on Day | End 2017 to Date | |
| Dow Jones | 25080.5 | -0.81 | +1.46 | |
| S&P 500 | 2701.58 | -0.76 | +1.05 | |
| FTSE 100 | 7033.79 | -0.28 | -8.51 | |
| DJ Stoxx 50 | 3205.36 | -0.60 | -8.52 | |
| ISEQ | 6194.44 | +0.92 | -11.99 | |
| Nikkei | 21803.62 | -0.20 | -4.22 | |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

| | | | | | | | |
|---------|------------------------------------------|----------------|---------------------------|------------------|------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite Lenny Hogan | Reuters Phone | AIB 00353-1-7724018 | Morning Comment | John Fahey john.j.fahey@aib.ie |
| | | Equity Options | Gary Luff | | | | |

Opening Levels

Thursday 15 November 2018
07:27 am



Euro

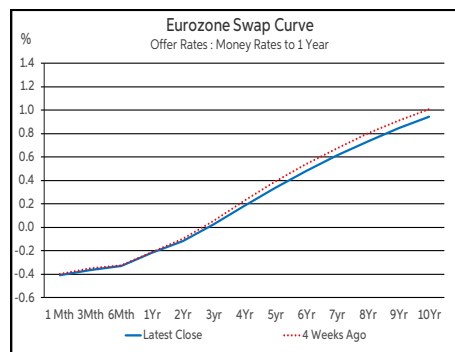
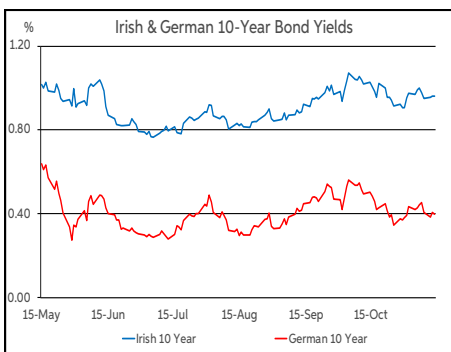
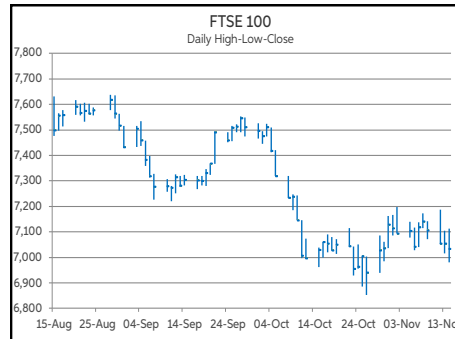
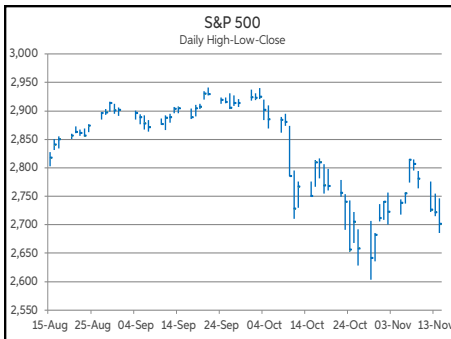
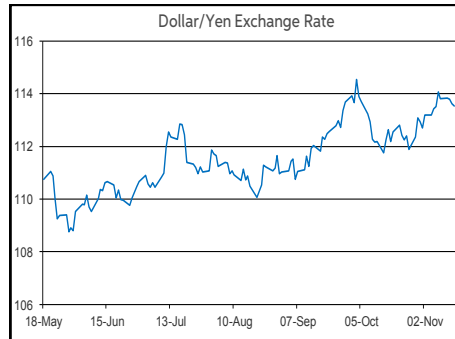
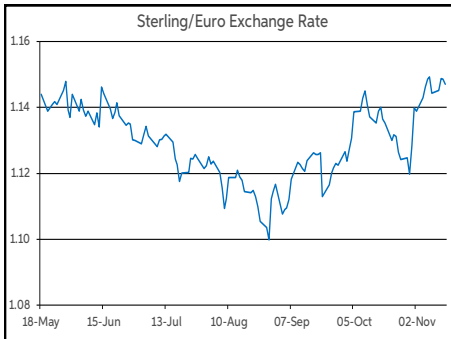
| | |
|---------|--------|
| EUR/GBP | 0.8717 |
| EUR/USD | 1.134 |
| EUR/JPY | 128.78 |
| EUR/SEK | 10.268 |
| EUR/DKK | 7.4631 |
| EUR/NOK | 9.6131 |
| EUR/CHF | 1.1401 |
| EUR/AUD | 1.5577 |
| EUR/HKD | 8.8782 |
| EUR/CAD | 1.4997 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1467 |
| GBP/USD | 1.3007 |
| GBP/CAD | 1.72 |
| GBP/NZD | 1.9105 |
| GBP/JPY | 147.68 |
| GBP/SEK | 11.7722 |
| GBP/DKK | 8.5576 |
| GBP/NOK | 11.0277 |
| GBP/CHF | 1.3075 |
| GBP/AUD | 1.7867 |

Dollar

| | |
|---------|---------|
| USD/JPY | 113.53 |
| USD/CAD | 1.3219 |
| USD/CHF | 1.0052 |
| USD/CNY | 6.9355 |
| USD/BRL | 3.784 |
| USD/RUB | 66.6253 |
| USD/INR | 72.12 |
| AUD/USD | 0.728 |
| NZD/USD | 0.6806 |



| Debt Markets | | | | |
|---------------------------------------------------------|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 17 |
| 10 Year Yield % | | | | |
| US | 3.13 | -1 | -8 | +72 |
| Germany | 0.40 | -1 | -6 | -2 |
| UK | 1.51 | -1 | -6 | +33 |
| Ireland | 0.96 | +0 | -2 | N/A |
| Belgium | 0.82 | -1 | -2 | +21 |
| France | 0.78 | +1 | -3 | +1 |
| Italy | 3.49 | +6 | -2 | +150 |
| Spain | 1.61 | +2 | -2 | +7 |
| Portugal | 1.95 | +1 | +2 | +5 |
| Greece | 4.45 | +4 | +18 | +40 |
| 5 Year Swap % | | | | |
| US | 3.06 | -6 | -11 | +82 |
| Eurozone | 0.34 | -1 | -5 | +2 |
| UK | 1.44 | -3 | -2 | +40 |
| 2 Year Swap % | | | | |
| US | 3.02 | -6 | -5 | +93 |
| Eurozone | -0.12 | -1 | -2 | +2 |
| UK | 1.18 | -3 | +2 | +38 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 57 | +1 | +4 | N/A |
| Belgium | 43 | +0 | +4 | +23 |
| France | 38 | +2 | +3 | +3 |
| Italy | 310 | +7 | +5 | +152 |
| Spain | 122 | +3 | +4 | +9 |
| Portugal | 155 | +2 | +8 | +8 |
| Greece | 405 | +5 | +24 | +43 |

| Commodities | | | | |
|---------------------|--------|----------|---------|--------|
| | Close | % Change | | |
| | | Day | 4 Weeks | End 17 |
| Brent Oil | 66.12 | +0.99 | -17.40 | -1.12 |
| West Texas Oil | 56.16 | +0.95 | -19.35 | -7.11 |
| CRB - All Commodity | 188.06 | +1.91 | -5.45 | -3.00 |
| CRB - Food | 330.34 | +0.16 | -2.29 | -1.70 |
| Gold \$ | 1211.0 | +0.69 | -0.99 | -7.04 |

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